

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORIES OF
THE RECORDING INDUSTRY ASSOCIATION OF AMERICA
(RIAA/USPS-T43-6-7)

The United States Postal Service hereby provides the responses of witness Schenk to the following interrogatories of the Recording Industry Association of America: RIAA/USPS-T43-6-7, filed on November 26, 2001.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Nan K. McKenzie

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December 11, 2001

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RIAA/USPS-T43-6. In LR-J-58, please refer to worksheet "Table 5" in Excel file LR58STDCBS.xls, worksheet "Table 5" in Excel file LRSTDCBS1.xls, and worksheet "Table 6" in Excel file LR58ADJ.xls. Please further refer to USPS-T-32, page 10, footnote 11.

- a. Please confirm that the citation to Table 6 in USPS-T-32, page 10, footnote 11 (in the sentence containing the passage "Table 6 has the unadjusted parcel-flat differential of 93.4 cents") is an incorrect citation to worksheet "Table 5" in the Excel file LR58STDCBS.xls. If not confirmed, please explain fully.
- b. Please confirm that the citation to Table 7 in USPS-T-32, page 10, footnote 11 (in the sentence containing the passage "Table 7 has the adjustment for presort and destination entry profile of 9.5 cents") is an incorrect citation to Table 6 in the Excel file LR58ADJ.xls. If not confirmed, please explain fully.
- c. Please confirm that the worksheet "Table 5" in Excel file LR58STDCBS1.xls provides a version of "Table 5" in Excel file LR58STDCBS.xls that calculates costs separately for "Regular" and "ECR" Standard Mail. Please confirm further that the "Regular" column includes costs for both the Regular and Nonprofit subclasses, and that the "ECR" column includes costs for both the Enhanced Carrier Route and Nonprofit Enhanced Carrier Route subclasses. If not confirmed, please explain fully.
- d. Please confirm that the worksheet "Table 6" in Excel file LR58ADJ.xls calculates presort and dropship cost differences for Standard Mail for all four subclasses together. If not confirmed, please explain fully.
- e. Please provide a version of the worksheet "Table 6" in Excel file LR58ADJ.xls that calculates the presort and dropship cost differences for only the Regular and Nonprofit subclasses of Standard Mail. If data are not available for calculating the entire table for these two subclasses, please provide those portions of the table for which data are available for the Regular and Nonprofit subclasses.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. There was no worksheet named LR58STDCBS1.xls filed with USPS-LR-J-58, or in any other library reference sponsored by me.
- d. Confirmed.

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- e. The cost avoidance (\$/lb) data are not available for Standard Regular (commercial and nonprofit) separate from Standard ECR (commercial and nonprofit) to the best of my knowledge. The pieces by presort level are already provided for Standard Regular and ECR separately. The weight by entry discount data, which is obtained from USPS-LR-J-112, is provided below.

Weight By Entry Discount (000)					
	None	BMC	SCF	DDU	Total
Regular (commercial and nonprofit)					
Flats	1,416,483	1,104,647	1,059,916	0	3,581,046
Parcels	280,745	96,299	35,540	0	412,584
ECR (commercial and nonprofit)					
Flats	185,722	499,212	2,580,795	1,461,540	4,727,269
Parcels	2,549	23	840	384	3,796

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RIAA/USPS-T43-7. Please refer to your responses to PostCom/USPS-T43-2m and PostCom/USPS-T43-2n concerning Test Year costs for Standard Regular and Nonprofit parcels provided in the Excel file LR58AREG.xls of LR-J-58. Please further refer to Presiding Officer's Information Request No. 5/12 and to the generalized variance function (GVF) approach to calculating coefficients of variation that was used by witness Ramage in R2000-1 to respond to interrogatory ANM/USPS-T2-13 (Docket R2000-1, Tr. 4/1116). Using the GVF approach used by witness Ramage in R2000-1 and requested in POIR 5/12, please calculate coefficients of variation for each combined weight increment of the IOCS-based Test Year costs for Standard Regular and Nonprofit parcels provided in worksheet "3CREG Parcels (combined)" in the Excel file LR58AREG.xls of LR-J-58.

RESPONSE:

See Attachment A.

ATTACHMENT A TO RESPONSE TO RIAA/USPS-T43-7


Standard Mail Regular (Commercial and Nonprofit) Parcels: Costs (000) and Coefficients of Variation By Combined Weight Increments

		Broad Weight Groups									
		<u>0 to 3</u>	<u>3 to 5</u>	<u>5 to 7</u>	<u>7 to 8</u>	<u>8 to 10</u>	<u>10 to 11</u>	<u>11 to 12</u>	<u>12 to 13</u>	<u>Over 13</u>	<u>Total</u>
Mail Processing (CS 3.1)	Total Cost	57,912	55,691	23,839	20,469	23,323	11,063	18,068	14,388	50,170	274,922
	CV*	4.9%	5.0%	7.3%	7.8%	7.4%	10.3%	8.3%	9.2%	5.2%	2.4%
Window Service (CS 3.2 direct labor)	Total Cost	222	379	0	0	0	88	242	0	423	1,355
	CV*	60.7%	46.6%	N/A	N/A	N/A	95.6%	58.2%	N/A	44.2%	24.9%
City Carrier In-Office (CS 6.1 direct labor)	Total Cost	5,762	5,031	1,341	1,168	1,794	735	1,082	597	3,687	21,197
	CV*	12.2%	13.0%	25.0%	26.8%	21.7%	33.6%	27.8%	37.3%	15.2%	6.4%
Total (3.1, 3.2, and 6.1)	Total Cost	63,895	61,101	25,180	21,636	25,117	11,886	19,393	14,985	54,280	297,474
	CV*	4.7%	4.8%	7.2%	7.7%	7.2%	10.1%	8.1%	9.1%	5.1%	2.4%

*Coefficients of Variation (CV) calculated using the generalized variance function approach.

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

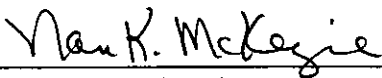


Leslie M. Schenk

Dated: 12/11/01

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, reading "Nan K. McKenzie", is written over a horizontal line.

Nan K. McKenzie

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